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BUS 11/15 Organogenesis Inc. Announces 1999 Third Quarter Financial

Results

Business Editors

CANTON, Mass.--(BW Healthwire)--Nov. 15, 1999--Organogenesis Inc. (AMEX:ORG) today reported financial results for the third quarter ended September 30, 1999. Total revenues were \$946,000 for the third quarter of 1999 compared with \$938,000 for the second quarter of 1999. Among these, product sales to related party, royalties and other income were \$708,000 for the third quarter compared with \$624,000 for the second quarter. Total expenses were \$7,426,000 for the third quarter of 1999 compared with \$8,527,000 for the second quarter of 1999; second quarter expenses included a one-time, non-cash charge of \$900,000 related to a technology acquisition in April. The net loss was \$0.21 per share (or \$6,480,000) for the third quarter of 1999 compared with \$0.25 per share (or \$7,589,000) for the second quarter of 1999.

Total revenues of \$946,000 for the third quarter of 1999 compare with \$744,000 for the same quarter in 1998. Product sales to related party, royalties and other income for the third quarter of 1998 were \$352,000, primarily from sources other than commercial sales of Apligraf(R). Total expenses of \$7,426,000 for the third quarter of 1999 compare with \$6,434,000 for the third quarter of 1998. The increase in expenses primarily relates to the expansion of Apligraf operations as well as to costs related to the Apligraf diabetic ulcer and cosmetic outcome clinical program and the VITRIX(TM) and bioartificial liver development programs. Third quarter 1999 expenses also include \$407,000 of interest expense, payable in cash or shares at the Company's option, due to the issuance of convertible debentures in March 1999.

"Since our last earnings release, Organogenesis has made a number of significant achievements, further distinguishing the Company in the field of tissue engineering," said Herbert M. Stein, Chairman and Chief Executive Officer. "These include:

- Gaining Philip Laughlin as President and Chief Operating Officer, who brings to the Company 23 years of management experience from Medtronic and Baxter;
- Use of Apligraf by over 1000 medical centers across the US;
- Selection of our liver assist device program for a \$2 MM Advanced Technology Development NIST award;
- Initiation of clinical research with VITRIX(TM), distinguishing Organogenesis as the only company to have advanced to human clinical trials two off-the-shelf products containing living human cells;
- Publication of state-of-the-art data on our vascular graft in the scientific journal Nature Biotechnology;
- Presentation of impressive results from the Apligraf diabetic ulcer pivotal trial;
- Presentation of the Apligraf burn study at the world Congress

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of Surgery;

- Publication of information on Apligraf in epidermolysis bullosa in the Archives of Dermatology by the University of Miami School of Medicine;

- Initiation of shipments of Apligraf to Europe to support its

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introduction to top opinion leaders in select countries;

- Securing a \$5 million credit facility which provides ready access to funds for investment in our facility;

- Adding David Gardner - an experienced investment banker, director of public companies and private investor - to our Board of Directors; and

- Invitation to present at the Hambrecht & Quist conference in January, the largest biotechnology investment conference.

Mr. Stein continued, "Apligraf is a revolutionary technology developed to provide significant advantages in wound healing. Apligraf is FDA approved, well-received by physicians and can be a highly cost-effective therapy for many patients. The key remaining piece of the puzzle is gaining broad, standardized reimbursement. Achieving standardized reimbursement for Apligraf is a top priority at both Novartis and Organogenesis and is being addressed aggressively by both companies."

Organogenesis Inc. designs, develops and manufactures medical products containing living cells and/or natural connective tissue. The Company's product development focus includes living tissue replacements, cell-based organ assist devices and other tissue-engineered products. Lead product Apligraf living skin construct is the only product containing living human cells to gain FDA PMA approval. Apligraf is marketed in the US and Canada and is now being introduced in select European countries. Novartis Pharma AG has global Apligraf marketing rights. The research pipeline includes the VITRIX(TM) living soft tissue replacement, a bioartificial liver and a vascular graft.

Statements in this press release which are not historical fact, such as a discussion of gaining standardized reimbursement, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and involve risks and uncertainties. The Company's actual results may differ significantly from the results discussed in this press release or in other forward-looking statements made by management. There can be no guarantee as to the rate of development of Apligraf sales or of successful development of other programs in the pipeline. Apligraf(R) is a registered trademark of Novartis.

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ORGANOGENESIS INC.

Consolidated Statements of Operations (Unaudited, in thousands, except share data)

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	For the Three Months Ended June 30, 1999	For the Three Months Ended September 30, 1999
Revenues:		
Research and development support from related party	\$ -	\$ -
Product sales to related party, royalties and other income	624	708

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Interest income	314	238
Total revenues	938	946
Costs and Expenses:		
Research and development	2,878	2,659
Operations and production	2,690	2,753
General and administrative	1,654	1,607
Non-recurring, non-cash purchase of technology	900	-
Interest expense, net	405	407
Total costs and expenses	8,527	7,426
Net loss	<u>\$(7,589)</u>	<u>\$(6,480)</u>
Net loss per common share - basic and diluted	<u>\$ (.25)</u>	<u>\$ (.21)</u>
Weighted average number of common shares outstanding - basic and diluted	<u>30,468,876</u>	<u>30,478,115</u>

SELECTED BALANCE SHEET DATA
(Unaudited, in thousands)

	December 31, 1998	September 30, 1999
Cash and investments	\$ 17,841	\$ 14,010

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Current assets	19,012	15,658
Current liabilities	3,471	3,577
Working capital	15,541	12,081
Total assets	26,710	27,445
Long-term debt	-	17,863
Stockholders' equity	23,239	6,005

ORGANOGENESIS INC.

Consolidated Statements of Operations
(Unaudited, in thousands, except share data)

	organo1.txt For the Three Months Ended September 30, 1998 1999		For the Nine Months Ended September 30, 1998 1999	
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Revenues:				
Research and development support from related party \$	-	\$ -	\$ 6,750	\$ -
Product sales to related party, royalties and other income	352	708	854	1,819
Interest income	392	238	785	745
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Total revenues	744	946	8,389	2,564
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Costs and Expenses:				
Research, development and operations	4,913	5,412	12,698	16,073
General and administrative	1,521	1,607	3,933	4,775
Non-recurring, non-cash purchase of technology	-	-	-	900
Interest expense, net	-	407	-	812
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Total costs and expenses	6,434	7,426	16,631	22,560
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Net loss	<u>\$(5,690)</u>	<u>\$(6,480)</u>	<u>\$(8,242)</u>	<u>\$(19,996)</u>

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Net loss per common share				
- basic and diluted	<u>\$ (.19)</u>	<u>\$ (.21)</u>	<u>\$ (.28)</u>	<u>\$ (.66)</u>
Weighted average number of common shares outstanding				
- basic and diluted	<u>29,521,312</u>	<u>30,478,115</u>	<u>29,255,956</u>	<u>30,466,603</u>

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KEYWORD: MASSACHUSETTS
INDUSTRY KEYWORD: MEDICAL BIOTECHNOLOGY PHARMACEUTICAL EARNINGS

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